



Department of Medical Assistance Services
600 East Broad Street, Suite 1300
Richmond, Virginia 23219

www.dmas.virginia.gov

MEDICAID MEMO

TO: All Physicians participating in the Virginia Medical Assistance Program, FAMIS, and Managed Care Organizations providing services to Virginia Medicaid and FAMIS recipients

FROM: Patrick W. Finnerty, Director
Department of Medical Assistance Services (DMAS)

MEMO: Special

DATE: 5/28/2008

SUBJECT: Physician Rate Changes – Effective July 1, 2008

The purpose of this memorandum is to inform you of changes in the payment rates for Medicaid and FAMIS covered physician services, effective July 1, 2008, to implement Item 302.PP of the 2008 Appropriation Act.

Payment for physician services in some cases will be recalibrated to implement different rates for services depending on the site of service, based on the relative value units (RVUs) for a procedure code published by the Centers for Medicare and Medicaid Services (CMS). Physician rates are determined by multiplying the CMS RVUs times the Medicare conversion factor times a Medicaid factor. For certain procedure codes that can be performed in either a facility or non-facility, CMS has been publishing separate RVUs for several years and Medicare rates are based on site of service. For these procedure codes, the non-facility rates and facility rates paid by Medicare vary based on where the procedure is performed.

Currently, DMAS uses only the non-facility RVU in calculating rates. Different Medicaid rates by site of service will be phased-in over a four-year period. In state fiscal year (SFY) 2009, DMAS will add 75 percent of the difference between the non-facility rate and the facility rate to the facility rate. In SFY 2010, DMAS will add 50 percent of the difference between the non-facility rate and the facility rate to the facility rate. In SFY 2011, DMAS will add 25 percent of the difference between the non-facility rate and the facility rate to the facility rate. In subsequent fiscal years, DMAS will use the unadjusted Medicare facility RVU to calculate the facility rate.

Different rates based on site of service will be implemented in a budget neutral manner. Any savings in total reimbursement to physicians as a result of the implementation of site of service rates will be reallocated proportionately to all physician categories of service as a percentage increase.

The place of service submitted on the claim will determine whether the procedure receives a facility payment or non-facility payment. It is very important that all practitioners bill claims that reflect an accurate place of service. The place of service should be entered in box 24B of the CMS-1500. Below is a list of national place of service codes and whether the code is a facility or a non-facility code for purposes of Medicaid reimbursement.

Facility Setting	Place of Service Code
Inpatient Hospital	21
Outpatient Hospital	22
Emergency Room Hospital	23
Ambulatory Surgical Center (ASC)	24 (Approved ASC Procedures Only)
Skilled Nursing Facility	31
Inpatient Psychiatric Facility	51
Community Mental Health Center	53
Comprehensive Inpatient Rehabilitation Facility	61
Non-Facility Setting	All Other Places of Service

Please note that in addition to the implementation of the site of service rates noted above, DMAS is also conducting the annual update per Medicaid regulations by applying the new RVUs implemented by Medicare last January. DMAS implements this update July 1st of each year.

DMAS will send a remittance advice notifying providers when the updated physician rates by procedure code have been posted on the DMAS web site at www.dmas.virginia.gov. On the right hand side of the home page under “What’s New,” there is a link to the “Procedure Fee Schedule Files.”

ELIGIBILITY AND CLAIMS STATUS INFORMATION

DMAS offers a web-based Internet option (ARS) to access information regarding Medicaid or FAMIS eligibility, claims status, check status, service limits, prior authorization, and pharmacy prescriber identification. The website address to use to enroll for access to this system is <http://virginia.fhsc.com>. The MediCall voice response system will provide the same information and can be accessed by calling 1-800-884-9730 or 1-800-772-9996. Both options are available at no cost to the provider.

“HELPLINE”

The “HELPLINE” is available to answer questions Monday through Friday from 8:30 a.m. to 4:30 p.m., except on state holidays. The “HELPLINE” numbers are:

1-804-786-6273	Richmond area and out-of-state long distance
1-800-552-8627	All other areas (in-state, toll-free long distance)

Please remember that the “HELPLINE” is for provider use only. Please have your Medicaid Provider Identification Number available when you call.

COPIES OF MANUALS

DMAS publishes electronic and printable copies of its Provider Manuals and Medicaid Memoranda on the DMAS website at www.dmas.virginia.gov. Refer to the “DMAS Content Menu” column on the left-hand side of the DMAS web page for the “Provider Services” link, which takes you to the “Manuals, Memos and Communications” link. This link opens up a page that contains all of the various communications to providers, including Provider Manuals and Medicaid Memoranda. The Internet is the most efficient means to receive and review current provider information. If you do not have access to the Internet or would like a paper copy of a manual, you can order it by contacting Commonwealth-Martin at 1-804-780-0076. A fee will be charged for the printing and mailing of the manuals and manual updates that are requested.

PROVIDER E-NEWSLETTER SIGN-UP

DMAS is pleased to inform providers about the creation of a new Provider E-Newsletter. The intent of this electronic newsletter is to inform, communicate, and share important program information with providers. Covered topics will include changes in claims processing, common problems with billing, new programs or changes in existing programs, and other information that may directly affect providers. If you would like to receive the electronic newsletter, please sign up at www.dmas.virginia.gov/pr-newsletter.asp.

Please note that the Provider E-Newsletter is not intended to take the place of Medicaid Memos, Medicaid Provider Manuals, or any other official correspondence from DMAS.